

## Tips on How to Avoid Common Mistakes Made by New Business Owners

### 1. Be informed when creating your legal entity:

- a. The type of business entity you choose will depend on three primary factors: liability, taxation and record-keeping. Consult with a business formation professional for FREE at our [Small Business Center Solution Station](#) to help you decide.
- b. For more information on registering your business with all required government agencies, please check our [County, State, and Federal Business Registration](#) web page.

### 2. When choosing a business location, be aware of the Zoning designation and, if applicable, required permits FIRST before signing a lease or making any financial obligation:

- a. Zoning
  - i. Check your [Zoning classification](#) to find out the Zone of your business location.
  - ii. Check the [License Zoning Reference \(LZR\) Guide](#) to see if your business activity is permitted.
  - iii. Do not assume that the Zoning designation of the previous business, in the same location, applies to your business.
- b. Permit(s)
  - i. BACP – [Public Way Use](#) (PWU) Unit
    1. If the proposed business location has an existing sign, awning, canopy, and/or banner, then it is your responsibility to contact a PWU representative and inform them of what you intend to do with the Public Way Use item.
    2. If you are going to have a new Public Way Use item installed at your proposed business location, then you will need to apply for the appropriate PWU permit after you obtain your business license.
  - ii. Chicago Department of Transportation (CDOT)
    1. To obtain the right to use the public sidewalk or parkway as a driveway, applicants must obtain a [Driveway Permit](#) from CDOT.
    2. For temporary use of the public way due to construction, applicants must obtain a [Construction Canopy Permit](#) from CDOT.

### 3. If you are going to take over/purchase an existing business, be sure to check the following:

- a. Any license disciplinary history, and/or outstanding debts
- b. Location restrictions
  - i. Specifically, restrictions for Filling Station, Liquor, Massage, and Tobacco business activities.
  - ii. License revocations which ban a new business at the specific address for 1-2 years.

This type of information may be obtained by filing a [Freedom of Information Act \(FOIA\) request](#) through our department.

4. **Check with the Department of Buildings to find out if the business location has had any building code violation(s):**
  - a. Online – [Building Violations Look Up](#)
  - b. By Phone - 312.743.3600
5. **City of Chicago Business licenses are NOT transferrable, therefore:**
  - a. Each legal entity requires its own business license, and
  - b. Each business location requires its own business license as well.
6. **Do not operate (i.e. conduct business) without a City of Chicago business license certificate.**
  - a. A pending business license application does NOT allow you to conduct business.
  - b. Business may only commence AFTER receipt of the business license certificate and posting it in a conspicuous place within the licensed establishment.
  - c. Any holds and/or outstanding debt to the City (i.e. parking tickets, fines or Illinois Sales Tax) must be resolved and/or paid before any license certificate can be issued or renewed.
7. **During the application process, disclose ALL of your “business activities” in order to be licensed properly.**
  - a. Business activities mean all commercial, industrial or professional activities by an enterprising entity, for profit or not, through the buying and/or selling of goods and/or services.
  - b. Include the business activities to be conducted inside and outside of the establishment, facility, or residence to be licensed.
8. **Check for Federal and State regulations specific to your business activity for additional requirements (e.g. FDA approval, State licenses, etc.)**
  - a. Federal - [Electronic Code of Federal Regulations](#)
  - b. State - [Illinois Administrative Code](#)
9. **Know employment laws and consequences:**
  - a. Federal - [U.S. Department of Labor \(DOL\) - FirstStep Employment Law Advisor](#)
    - i. [Equal Employment Opportunity Commission](#)
    - ii. [National Labor Relations Board \(NLRB\)](#)
    - iii. [National Mediation Board \(NMB\)](#)
  - b. State - [Illinois Department of Labor \(IDOL\)](#)
10. **When in doubt, please contact, or meet, with one of our Business Consultants at the Small Business Center.**
  - a. Online - [Business Assistance Request Form](#)
  - b. By Phone - 312.74.GOBIZ (744.6249)